Ministry of Finance

Plan for 2012-13

Government of
Saskatchewan

PLAN FOR 2012-13

Statement from the Minister

I am pleased to present the Ministry of Finance Plan for 2012-13.

The Government's Direction and Budget for 2012-13 are built around *Keeping the Saskatchewan Advantage*, supporting our sound economic growth so that the prosperity can be shared across the province.

Government's plan for the coming year is to adopt a prudent approach to our fiscal framework, ensuring that we can sustain valued programming.

We will emphasize maintaining balanced budgets within a growing economy, providing better access to health care, improving our quality of life and making life more affordable.

In a time of global uncertainty, the Ministry of Finance will continue to emphasize the need to re-examine our programs and services to ensure they remain effective and are delivered in a timely manner.

I accept responsibility for furthering Government's commitments while ensuring the Ministry is managed with integrity and professionalism. We will report on the progress made toward this Plan, within the financial parameters provided, in the 2012-13 Annual Report.

The Honourable Ken Krawetz
Deputy Premier
Minister of Finance

Response to Government Direction

Government has renewed its plan for 2012-13 to encourage and support the *Saskatchewan Advantage*. This plan reflects the Government's continued focus on economic growth, supporting the creation of new opportunities through strategic investments, ensuring that the prosperity is shared and our quality of life is enhanced. Government's key priorities and commitments have been supported in the context of a disciplined four-year fiscal plan and are presented in the *Government Direction for 2012-13*.

Government's Vision

"... a strong and growing Saskatchewan, the best place in Canada – to live, to work, to start a business, to get an education, to raise a family and to build a life."

Sustaining growth and opportunities for Saskatchewan people	Improving our quality of life	Making life more affordable	Delivering responsive and responsible government

Government's vision and four goals provide a directional framework for ministries, agencies and third parties to align with these priorities and to develop their plans to achieve greater success in the efficient delivery of government services.

All ministries and agencies will report on results achieved, or not yet achieved, in their 2012-13 annual reports. This honours Government's commitment to keep its promises and ensures greater transparency and accountability to the people of Saskatchewan.

Mission, Strategies and Actions

Mission Statement

Support good governance by providing expert economic, financial and fiscal policy advice and professional services.

Develop and recommend options to achieve sound public policy and financial performance

Strategy

A Competitve Tax System

Key Actions

- Review provincial tax policies to ensure the tax system is fair, adequate, and competitive; working with other interest groups, including Enterprise Saskatchewan, in examining competitive issues affecting Saskatchewan's ability to attract and retain people and businesses.
- Work with other provincial agencies to publicly communicate changes to the provincial tax system that further attract and retain people and businesses to the Province.

Strategy

Sustainable Fiscal Management

Key Actions

- Examine expenditures to ensure they align with Government's economic and social priorities, are adequately resourced, and are sustainable.
- Enhance good governance by meeting *The Growth and Financial Security Act* requirements:
  - providing decision makers with revenue and expenditure projections on a timely basis;
  - support Treasury Board's interests in having ministries review programs and services to ensure they are economical, efficient, and effective at achieving desired outcomes; and
  - monitor the size of the public service, publicly report on its size relative to the Saskatchewan population and facilitate government's interest in public service renewal.
- Facilitate consultations with peers and share templates and instructions with ministries as early as possible to improve communication, understanding, and co-operation throughout the planning and budget process.
- Conduct research with counterparts in other jurisdictions to build relationships, examine options and identify best practices to improve upon the Saskatchewan planning and budget process.
- Provide guidance and advice to promote the use of a market based compensation approach to ensure settlement of competitive collective agreements.

Photo Credit: Enterprise Saskatchewan, Greg Huszar Photography, Mosaic Belle Plaine

Strategy

Effective Treasury Operations

Key Actions

- Service outstanding debt ensuring the timely and accurate payment of interest and principal and reduce outstanding debt as directed.
- Meet reporting requirements of international regulatory agencies through timely development and filing of financial disclosure documents.
- Implement the transfer of budget surplus funds in accordance with *The Growth and Financial Security Act*.
- Monitor domestic and international capital markets to identify and take advantage of opportunities to raise capital to meet Government and Crown requirements.
- Maximize the return on investment of sinking fund and Growth and Financial Security Fund monies through sound investment decisions carried out pursuant to the investment policy guidelines of the two funds.
- Provide cash management services for the General Revenue Fund (GRF), Crown corporations, and other government agencies.
- Maintain good working relationships with credit rating agencies to ensure accurate information is utilized in the analysis of the Province's creditworthiness.

Strategy

Optimized Revenue to the Province

Key Actions

- Working with provincial agencies to annually review own-source budgetary revenues for which they are responsible.
- Promote compliance with Saskatchewan's tax programs through quality service, taxpayer education and responsible, effective enforcement.
- Continue implementation of changes to the tax audit selection process to identify those businesses most likely to not comply with provincial tax laws and target audit resources accordingly.
- Continue implementation of changes to educate those businesses identified as low to medium tax risk to improve voluntary tax compliance.

Photo Credit: Tourism Saskatchewan, Greg Huszar Photography, Dock Jumpers

Strategy

Strengthened Strategic Partnerships

Key Actions

- Continue to discuss with interested First Nations about Tax Administration Agreements where the Province would relinquish the authority to levy the Liquor Consumption Tax on-reserve and allow the First Nation to levy its own fee on liquor sales on-reserve. These Agreements require the First Nations fee to be in the same form and level as levied off-reserve by the Province under *The Liquor Consumption Tax Act*, with all on-reserve revenue going to the First Nation.
- Support the Province in the renewal of major intergovernmental fiscal transfers that support health care, post-secondary education and social policy.
- Work with ministries and the federal government to develop fair and effective federal/provincial agreements that address common interests.
- Continue to review, with federal and provincial governments, Canada's current retirement income system. Specific actions include developing the regulatory legislation to implement PRPPs and continuing to consider various options for modest and targeted expansion of the Canada Pension Plan.
- Provide analysis and advice in order to manage stakeholders' relationships through the public sector bargaining process.

Promote accountable government

Strategy

Accountable Financial and Performance Management

Key Actions

- Prepare timely, reliable, and relevant General Revenue Fund and Summary Financial Statements.
- Review and approve financial statements of Treasury Board Crowns and agencies.
- Provide input into the activities of Canadian and international accounting standard setting bodies.
- Ensure government-wide financial management policies and procedures are sound.
- Ensure government-wide accounting policies are in accordance with Public Sector Accounting Board (PSAB) pronouncements.
- Work closely with Executive Council (Cabinet Planning and Cabinet Secretariat) to refine processes that ensure high quality documents are received for Cabinet Committee consideration within established timelines.
- Refine the annual planning and budget process to ensure greater accountability for financial management and performance results over the longer term, including partners from major third parties.
- Provide guidelines, tool-kits, online training, and other supports to improve system-wide capacity for strategic planning, performance measurement, program evaluation and reporting.

Photo Credit: Tourism Saskatoon, City of Brid

Strategy

Efficient Financial Systems and Processes to Support Good Governance

Key Actions

- Assess the internal controls of the Government's financial systems and assist in the development and implementation of improvements where required.
- Develop and deliver financial management fundamentals training for managers and employees to build financial management capacity in the public service.
- Assess the MIDAS Support model to determine the best option to provide ongoing support for MIDAS and implement that model.
- Improve the accounts payable processing function by consolidating the function in a centralized unit, redesigning and standardizing related processes and implementing enhancements to the MIDAS financial system to increase automation.
- Further expand the Government's purchase card program, including implementation a one-card solution for purchasing and travel.
- Work with ministries to develop and implement a standard system for more accurate and timely expense, revenue and FTE budgeting and forecasting.

Photo Credit: Tourism Saskatchewan, Hans-Gerhard Pfaff, Downtown Regina

Deliver excellence in service while making best use of public funds

Strategy

Effective Delivery of Programs and Services to the Public

Key Actions

- As part of the continuous improvement culture, several core service reviews will be conducted:
  - review alternatives for renewal of the ministry's revenue management system;
  - further review is required of the Real Time Validation system to assess the feasibility of expanding the system to any or all remaining on-reserve stores. The system has been implemented in 46 stores that represent 68 per cent of fuel and tobacco purchased on Saskatchewan's reserves; and,
  - review the Farm Fuel Program to examine and evaluate current business processes. The current system was developed to administer a rebate program. Since the program changed to an up-front tax reduction program in 2004, certain processes must be done outside the system. A review will map the main businesses processes and identify and document possible efficiencies.
- Implement system changes and customer service strategies to automate and support the Business Portal project. The portal will provide a single point of contact for clients to do business across government with respect to registering businesses, reducing wait times and the cost of program administration.
- Provide quality service to pension and benefit plan supervisory boards, and plan members through:
  - Monitoring the board's governance structures to ensure ongoing conformity with best practices within the pension industry which include ensuring appropriate control mechanisms that encourage good decision making, proper and timely execution, and regular review and assessment;
  - Annual assessments of initiatives and activities in the areas of Communications, Plan Governance, Service Delivery and Plan Design as contained in the boards' strategic plans to determine the overall progress toward goals and initiatives and to adjust future plans and activities; and
  - Report progress regularly on strategic activities and initiatives as well as PEBA's performance against the standards contained within the respective contracts to the Board and Commission and the plans' memberships.
- Increase direct deposit utilization and reduce number of advices (payment stubs) printed and distributed by offering e-mailed advices to suppliers.
- Ensure effective planning and testing to promote Ministry programs and services through focus on business continuity, pandemic and disaster recover planning, including risk management and information technology strategic plans.

Tourism Saskatchewan, Greg Huszar Photography, Motherwell Homestead National Historic Site of Cana

Strategy

Effective Training Resources

Key Actions

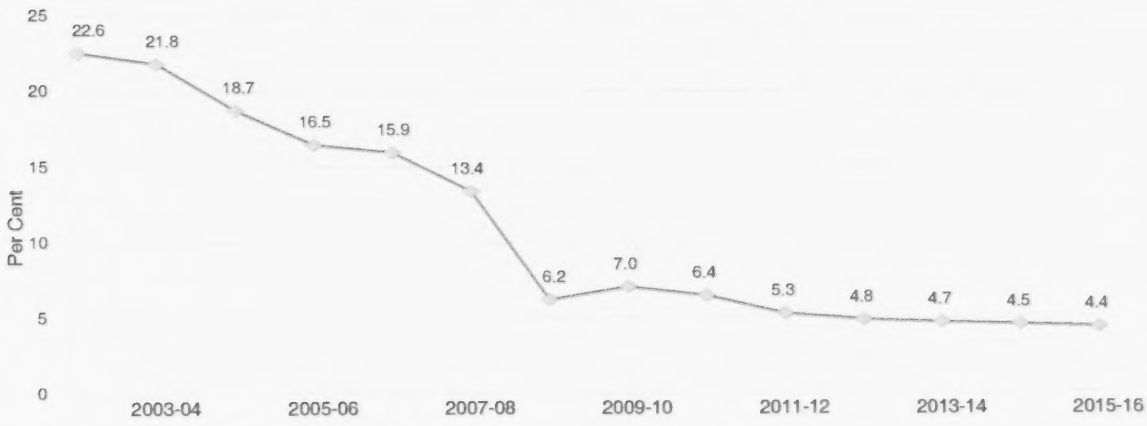
- Cross-train and develop employee skills to increase staffing flexibility to address needs identified during business planning; and to minimize knowledge loss due to employee resignation and retirement.
- Promote training for all staff on LEAN methodologies and techniques to build upon a culture of continuous improvement. The Ministry will be targeting a rate of 65 per cent of staff attending one training session.
- Facilitate and encourage employee professional training and ensure staff complete work and learning plans.
- Participate in the development and implementation of a Ministry Workforce Plan, identifying resource pressures and addressing areas of concern through training and succession management.

Performance Measures

The Ministry of Finance has provided two broad categories of performance measures in its plan. The first set is a select group of government-wide indicators while the second set is a grouping of ministry-specific measures.

Measure

Government Debt as a Percentage of Gross Domestic Product (Debt to GDP Ratio)



Source: Saskatchewan Public Accounts; Saskatchewan Provincial Economic Accounts; Ministry of Finance

Measure Description

One facet of the Government's financial plan is to manage Government debt levels. The Ministry of Finance, as well as external investors and agencies, closely monitor the Province's debt-to-GDP ratio and credit ratings. A decreasing debt-to-GDP ratio indicates a declining drain on economic resources to service and repay debt and an associated increase in the fiscal flexibility of the Province. Investor confidence is influenced by this ratio because it provides a measure of the Province's debt relative to the size of the economy.

This ratio is calculated by dividing GDP for the previous calendar year by the level of Government general public debt at March 31. Debt is gross debt net of sinking funds. Gross debt is the amount owed directly to lenders and sinking funds are set aside for the repayment of that debt. Government general public debt is borrowed to finance Government programs as opposed to debt borrowed for and repayable by, Crown corporations.

This ratio is influenced by the state of the global, North American, and Canadian economies, as well as the level of Government general public debt. Saskatchewan's nominal GDP is expected to grow in 2012 as a result of increases in real economic activity (supported by strong business investment and growth in consumer spending) and commodity prices. Saskatchewan's level of Government general public debt has been on a declining trend over the past several years and is estimated to remain constant over the medium term.

At March 31, 2013, the Government general public debt-to-GDP ratio is estimated at 4.8 per cent. The debt-to-GDP ratio is significantly lower than previous years (13.4 per cent in 2007-08) and the 2012-13 Budget forecasts the debt-to-GDP ratio to continue on a declining trend over the medium term as the provincial economy grows.

Photo Credit: Tourism Saskatchewan, Devona Hill Photography, Rolling Pines Golf and Country Res

Measure

Government Credit Ratings

Jurisdiction	Rating Agency		
	Moody's	Standard & Poor's	DBRS
British Columbia	Aaa	AAA	AA(high)
Alberta	Aaa	AAA	AAA
Saskatchewan	Aa1	AAA	AA
Manitoba	Aa1	AA	A(high)
Ontario	Aa1*	AA-	AA(low)
Quebec	Aa2	A+	A(high)
New Brunswick	Aa2	AA-*	A(high)
Nova Scotia	Aa2	A+	A
Prince Edward Island	Aa2	A	A(low)
Newfoundland and Labrador	Aa2	A+	A
Canada	Aaa	AAA	AAA

Credit ratings current as of February 29, 2012.
** Negative outlook or trend.*

Measure Description

A credit rating is an independent evaluation by a recognized, objective agency of a borrower's willingness and ability to service and repay debt. Investors rely on credit ratings when making investment decisions. Many investors have guidelines that are based on credit ratings (e.g., must purchase bonds rated "AA" or higher). Therefore, a borrower's credit rating will impact the availability of credit, both in terms of the number of investors and the pool of funds it can tap. Typically, the higher the credit rating, the lower the risk to the investor and the less the issuer will have to pay in borrowing costs.

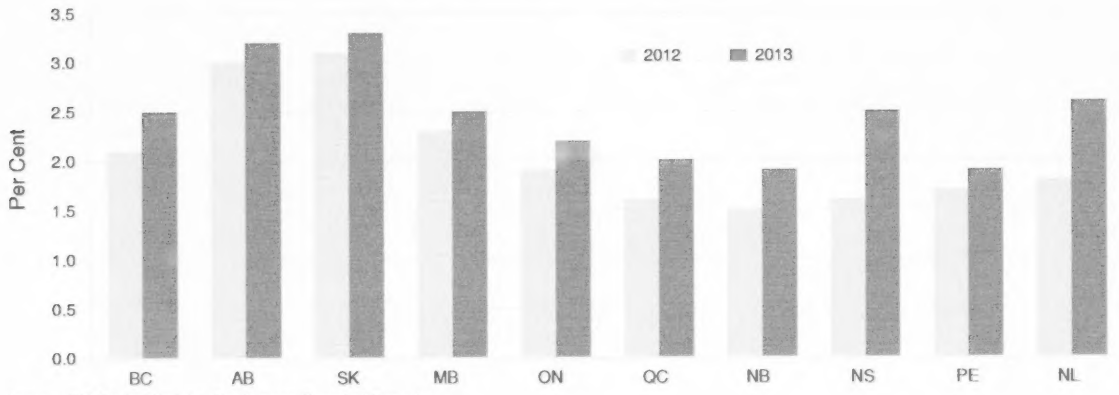
Saskatchewan's credit rating compares well when ranked against other Canadian provinces. All credit rating agencies now rate the province at the "AA" level or above. This is extremely important to international investors, many of whom have a "AA" credit rating requirement for investment.

Standard & Poor's upgraded Saskatchewan's credit rating to AAA, the highest level possible. Standard & Poor's attributed the upgrade to Saskatchewan's low and declining debt burden, rebounding economy, strong liquidity and moderate reliance on support from the federal government.

Photo Credit: Ministry of Tourism, Parks, Culture and Sport, photo by Paul Austring, Blue Sky over Duck Mountain

Measure

Private sector forecasts of real GDP growth



Source: IHS Global Insight, Conference Board of Canada, Centre for Spatial Economics and all of the major Canadian banks.

Measure Description

The Ministry of Finance closely monitors several economic, fiscal and demographic indicators.

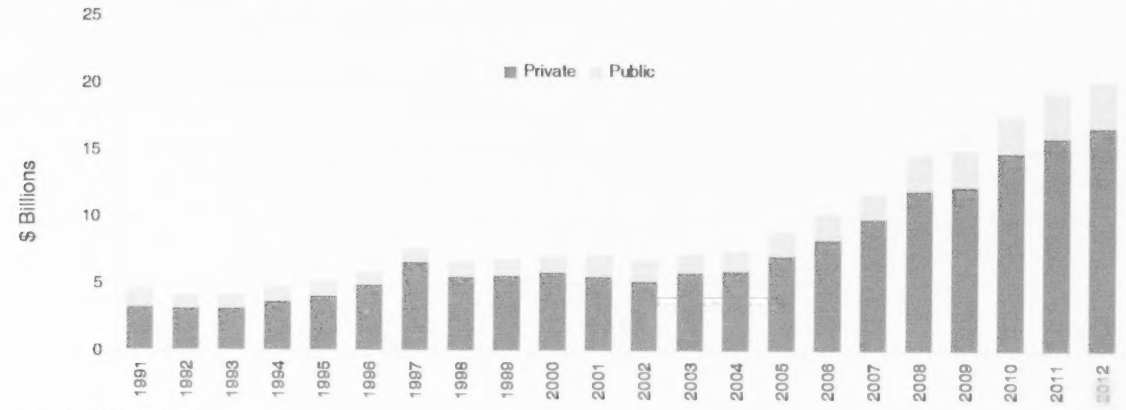
Private sector forecasts of real GDP growth show how the private sector expects the Saskatchewan economy to perform relative to other provincial economies. Percentages considered here are the average of private sector forecasts.

Private sector forecasters, on average, expect Saskatchewan real GDP to grow by 3.1 per cent in 2012 (the highest growth among provinces) and 3.3 per cent in 2013 (the highest growth among provinces).

Photo Credit: Tourism Saskatoon, Broadway Brid

Measure

Total Capital Investment in Saskatchewan (public and private investment)



Source: Statistics Canada

Measure Description

Capital spending in the province demonstrates confidence in Saskatchewan as a place to invest and helps to provide for future economic growth.

The data originates from Statistics Canada's Private and Public Investment Intentions Survey, which annually collects data on the intentions for capital investment and the expenditures for the previous two years. Total capital investment in Saskatchewan alone increased by roughly 10.3 per cent in 2011 whereas total capital investment in Canada as a whole increased by 6.9 per cent.

In 2012, total capital investment in Saskatchewan is expected to grow by 4.2 per cent to $20.2 billion. In terms of private investment in 2012, non-residential capital investment is expected to increase by 4.1 per cent while residential capital investment is expected to grow by 5.2 per cent.

Photo Credit: Tourism Saskatchewan, Greg Huszar Photography, Jones Peak, near Eastend

Measure

Income and sales taxes paid by representative taxpayers

Saskatchewan Income and Sales Taxes Paid by Representative Taxpayers								
	2005	2006	2007	2008	2009	2010	2011	2012
Single parent family earning $25,000	$466	$382	$176	$20	($177)	($128)	($168)	($182)
One income family earning $50,000	$4,124	$4,001	$3,679	$2,207	$2,098	$1,858	$1,471	$1,277
Two income family earning $75,000	$6,656	$6,516	$6,096	$4,710	$4,601	$4,571	$4,117	$3,965

Source: Ministry of Finance, Tax Simulation Models.

Measure Description

Saskatchewan's tax levels for representative taxpayers provide an indication of the amount of after-tax or disposable income available to residents. Declining tax levels are therefore suggestive of improvements in the relative prosperity of residents. In 2012, income taxes for each of the representative profiles will decline as a result of indexation adjustments. A negative value indicates that refundable tax credits exceed taxes payable.

The calculations upon which the performance measurements are based are performed by the Ministry of Finance using internal tax simulation calculations. Each of the measures is based on determination of combined provincial income and sales taxes payable by representative family profiles.

For each family profile, provincial income taxes are calculated based on the following assumptions:

- each family has two dependent children;
- for the two-income family, one spouse earns 60 per cent of the total income and the other earns 40 per cent;
- the single parent family and the two-income family claim $3,000 in deductible child care expenses; and,
- each family claims available basic personal exemptions, dependent child credits and credits for Canada Pension Plan and Employment Insurance contributions.

The Provincial Sales Tax is calculated based upon average family expenditure baskets from the Survey of Family Expenditures in 2009 (Statistics Canada). The refundable Saskatchewan Low-Income Tax Credit is also incorporated into the calculations.

Reductions to Saskatchewan's sales and income taxes have significantly improved the fairness of the provincial tax system.

Photo Credit: Tourism Saskatchewan, Greg Huszar Photography, Evergreen Golf Cour

Measure

Interprovincial tax comparisons for selected average family profiles

Saskatchewan's Tax Competitiveness Rankings for Representative Taxpayers								
	2005	2006	2007	2008	2009	2010	2011	2012
Single parent family earning $25,000	3rd	3rd	3rd	2nd	2nd	2nd	1st	2nd
One income family earning $50,000	4th	4th	3rd	2nd	2nd	2nd	2nd	2nd
Two income family earning $75,000	4th	4th	4th	3rd	3rd	2nd	2nd	2nd

Source: Ministry of Finance, Tax Simulation Models.

Measure Description

Saskatchewan's interprovincial ranking with respect to the tax levels of representative taxpayers is indicative of the competitiveness of our tax system. This measure can be significantly impacted by tax changes initiated in Saskatchewan and by tax changes occurring in other provinces. Saskatchewan's tax competitiveness relative to other provinces declined in 2012 for the single parent family profile due to an enhancement to the Quebec sales tax credit for low income families.

The calculations upon which the performance measurements are based use the same methodology as described in the measure examining income and sales taxes paid by representative taxpayers.

- Quebec's income tax calculations are adjusted for the child care expense tax credit and the 16.5 per cent federal tax abatement.
- Provincial sales taxes are calculated based upon average family expenditure baskets from the Survey of Family Expenditures in 2009 (Statistics Canada). The sales tax base in each province is identified from the enacting legislation, with total expenditures adjusted to reflect Saskatchewan consumption patterns. Provincial sales taxes are then estimated based on taxable expenditures in each province.
  - Refundable provincial income tax credits designed to reduce the impact of income and sales taxes are also incorporated into the calculations.

Reductions to Saskatchewan's sales and income taxes have significantly improved the competitiveness of the provincial tax system.

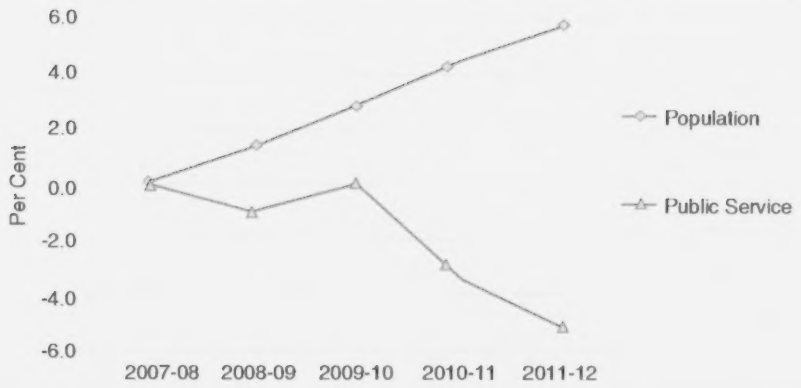
Photo Credit: Tourism Saskatoon, River Landing Riverfront Park at Dusk

Measure

Public Service as a percentage of the Saskatchewan population

	2007-08 (Base Year)	2008-09	2009-10	2010-11	2011-12	Change From Base [4]
Population at July 1[1]	1,000,257	1,013,922	1,029,325	1,044,028	1,057,884	5.8%
Public Service FTEs[2]	12,405	12,284	12,400	11,967	11,755	-5.2%
Public Service as percentage of population[3]	1.24%	1.21%	1.20%	1.15%	1.11%	-10.4%[5]

1. *Population numbers are revised from Statistics Canada, as of July 1 of the fiscal year. This data is available on the Bureau of Statistics website (www.stats.gov.sk.ca)*
2. *Public Service is defined as employees employed under The Public Service Act, 1998 and therefore, does not include ministerial assistants and those employed under personal service contracts and includes FTEs of the Public Employees' Benefits Agency. An FTE is the number of paid hours in the year divided by the number of hours a full-time employee would normally be paid. This calculation converts part-time, full-time, temporary, and seasonal employees into a measure that treats all paid employees as if they are full-time for the entire year. Actual FTEs are used except for 2011-12 where budgeted FTEs are used (actual FTEs are not yet known).*
3. *Annual FTEs are determined and then divided by the population of Saskatchewan at July 1 of the fiscal year.*
4. *The per cent change from base is calculated using the following formula: ((Data for year of interest – Data for 2007-08) / (Data for 2007-08)) x 100.*
5. *(Data for year of interest – Data for 2007-08) / (Data for 2007-08)) x 100.*



Measure Description

The Growth and Financial Security Act (GFSA) requires Treasury Board to monitor the size of the public service as a percentage of the population. The purpose of this performance measure is to establish a baseline against which government can gauge whether the public service is growing or diminishing relative to the Saskatchewan population. The public release of this measure supports Government's commitment to increased transparency and accountability.

Photo Credit: Tourism Saskatchewan, Greg Huszar Photography, Fishing on Jan La

Measure Description Continued

Treasury Board uses the budget development process to balance Government's direction on the size of the public service with other priorities such as improved or enhanced programs and services and providing quality services to the public at the lowest cost to the taxpayer. Treasury Board will also make allowances for one-time events and in-year adjustments to deal with emergency or unforeseen events requiring additional human resources.

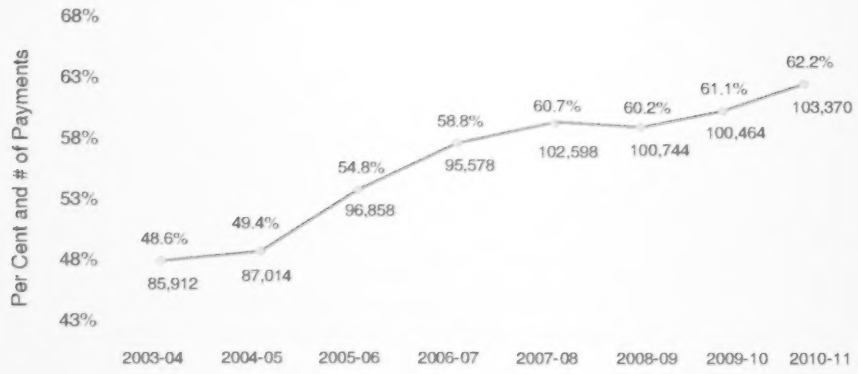
In the 2010-11 Budget, the Government announced a Workforce Adjustment Strategy to reduce the size of the public service by 15 per cent over four years to meet a commitment for a smaller, more effective government. Risks to public service reductions may include a perception by the public that front-line services will be adversely affected and a feeling of job insecurity by government employees. To date, reductions to the public service have been achieved without compromising service delivery and with minimal employee impact.

As shown in the table above, the size of the public service as a percentage of the population has diminished from 1.24 per cent in 2007-08 (base year) to 1.11 per cent in 2011-12, representing a 10.4 per cent improvement in this measure. The graph shows the cumulative growth in population and public service from 2007-08 (base year). Between 2007-08 and 2011-12, the Saskatchewan population grew by 5.8 per cent while the public service declined by 5.2 per cent.

Photo Credit: Enterprise Saskatchewan, photo by Cal Fehr, Cameco's McArthur River mine site

Measure

Percentage of tax payments processed electronically



Source: Ministry of Finance, Revenue Division, Statistical Reports

Measure Description

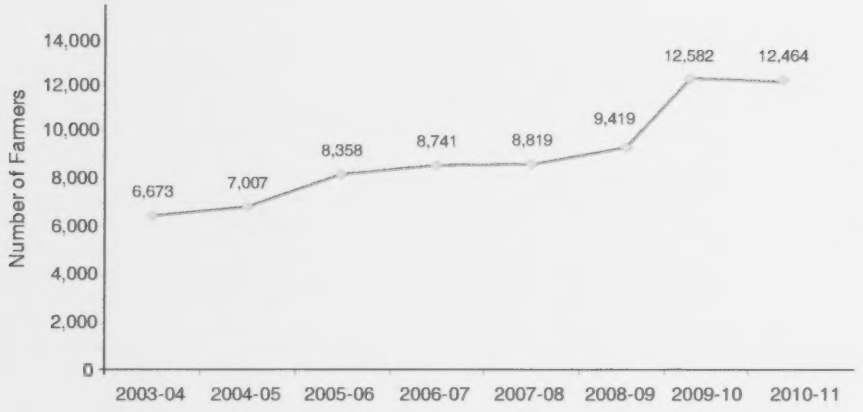
The Ministry strives to provide excellent client service by ensuring that businesses have access to all electronic options for making tax payments. The percentage of tax payments processed electronically measures the Ministry's ability to meet its objective of streamlining regulatory compliance. Businesses that use electronic methods to make payments are able to save time and money on regulatory compliance and channel their resources to other business activities. In addition, the Ministry realizes a reduction in the cost of processing payments when the tax return and payment are received electronically. The measure is determined from statistical reports generated from the main revenue system.

The Ministry continuously works with financial institutions to ensure that businesses are able to make tax payments through any of the financial institutions' electronic payment services that provide sufficient payee information. The percentage of tax payments processed electronically has grown significantly over the last five years and efforts to promote the use of electronic services will continue.

Photo Credit: Tourism Saskatchewan, Greg Huszar Photography, Cycling near Saskato

Measure

Number of farmers that applied for fuel tax permit renewals on-line



Source: Ministry of Finance, SETS

Measure Description

The Ministry strives to provide excellent client service by ensuring that all businesses have the ability to file tax returns and program applications on-line. Saskatchewan Electronic Tax Services (SETS) was enhanced in February 2002 to offer farmers, commercial fishers, loggers, and trappers a secure, fast, and convenient alternative to filing their Fuel Tax exemption permit renewal in paper format. The number of farmers that filed permit renewals on-line tracks the Ministry's progress towards easing tax compliance and reducing the regulatory burden.

The number of permit renewals filed using SETS has increased over 500 per cent in the last ten years. During 2010-11, there were about 1,400 fewer farmers in the program than in 2009-10. The number of applicants using SETS did not change significantly, meaning that the percentage of farmers using the service increased from 33 per cent in 2009-10 to 34 per cent in 2010-11.

The promotion of SETS has contributed to the significant increase in the number of applicants using SETS in 2009-10. The Ministry continues to promote SETS as it is more convenient for program applicants and it reduces the cost of program administration. However, the Ministry has limited influence over this measure as many applicants simply prefer to mail in a completed application.

Photo Credit: Tourism Saskatchewan, Greg Huszar Photography, Nesslin Lake Campground

Measure

Provincial Auditor's assessment of Government's accountability systems

Provincial Auditor's Report	Satisfaction with processes and/or guidelines	Assessment of Ministry plans and reports
2011 Report, Vol.2, Ch.26B	Yes	Improving
2010 Report	N/A	N/A***
2009 Report, Vol. 3, Ch.19	Improving	Improving **
2008, Vol. 3, Ch. 20	Partial	N/A
2007, Vol. 3, Ch. 9	Partial	N/A *
2006, Vol. 3, Ch. 14	Yes	Positive
2005, Vol. 3, Ch. 9 & 11	Yes	Positive
2004, Vol. 3, Ch. 15	Yes	Positive
2003, Vol. 3, Ch. 13	Yes	Positive

Source: Provincial Auditor's Reports, available on-line at www.auditor.sk.ca

** The Provincial Auditor's (PA) approach to assessing government's accountability system has differed over the years: from 2003-06, the PA assessed Finance's processes, guidelines and a small sample of ministry plans; from 2007 on, the PA's focus shifted to solely examine government's accountability system and processes.*

*** In 2009, the PA assessed only a small sample of ministries but concluded that "public plans of ministries are improving".*

**** In 2010, a specific chapter on government accountability was not included in the Fall Report.*

Measure Description

The Ministry of Finance uses the Provincial Auditor's assessment of Government's accountability systems to gauge progress on the Ministry's efforts to promote accountable government. The table above shows that the Provincial Auditor's approach has changed over the years and a sample of ministry annual reports was not reviewed in each year.

In 2003, the Provincial Auditor held a positive view of Government's overall approach to its accountability system, the guidelines provided to ministries, and the actual annual reports produced by the ministries. In 2007, the Auditor was only partially satisfied, indicating that progress was not being made on the full implementation of the "CCAF' Nine Principles" for public reporting, as originally intended.

In 2009, the Provincial Auditor's assessment was again more positive, indicating that government's overall approach to accountability was improving as were the individual ministry plans and annual reports. In the Fall 2010 Report, the Provincial Auditor did not write a specific chapter on government accountability. This resulted in a lack of data for this performance measure in 2010.

In the Fall of 2011, the Provincial Auditor again reviewed a sample of ministry and agency annual reports to determine how well they were achieving 'best practices'. In this review, the Provincial Auditor assessed the annual reports according to the Public Sector Accounting Board (PSAB) Statement of Recommended Practice (SORP-2) principles for effective reporting.

Photo Credit, Tourism Saskatchewan, Greg Huszar Photography, Elbow Mar

Measure Description Continued

The Provincial Auditor concluded that the quality of the annual reports assessed had improved, that they were accessible on the website, that they linked to the Government's overarching direction document and that they, for the most part, reflected best practices. The Provincial Auditor also concluded that the guidelines provided by the Ministry of Finance "support quality reporting … provided agencies with sound guidance … (and) were generally consistent with best practices other than they did not expect agencies to include performance targets." The Provincial Auditor went on to recommend that the Ministry of Finance encourage ministries to disclose performance targets in their annual reports.

While this performance measure is deemed to be an important and impartial assessment of government's collective work on "managing for results", it also presents some risks:

Elements proposed by the CCAF or PSAB, such as the publication of targets and the description of a ministry's capacity to meet outcomes are proving to be difficult to implement in public sector environments. These are common challenges, found in many other jurisdictions, as governments strive to improve their reporting on public sector performance.

While the 'best practices' help to improve public reporting, they are strictly voluntary and are recognized to be impractical in some settings. Therefore the Ministry of Finance's interpretation of the guidelines differs from that of the Provincial Auditor.

While the Ministry strives to improve public reporting, it is reliant on the ministries and agencies to provide quality information, to ensure systems are in place to support sound decision making and to follow the guidelines for reporting as it is practical and appropriate to do so.

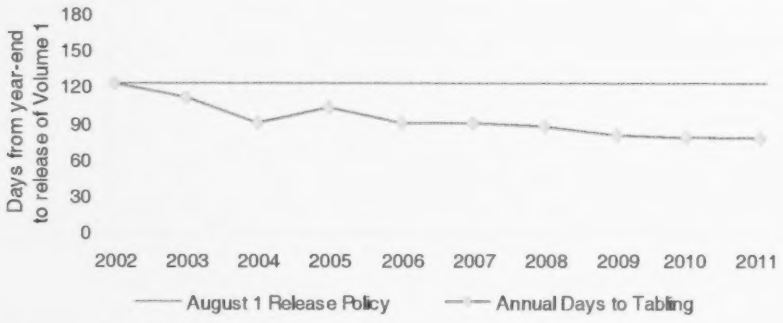
While this performance measure is not solely within the control of the Ministry, steps are taken across government to continually improve the quality, reliability and accessibility of documents, thereby increasing transparency and public accountability.

[1] The Canadian Comprehensive Auditing Foundation

Photo Credit: Tourism Saskatchewan, Charles Melnick, Canola and Flax Fields

Measure

Timeliness of the Release of Public Accounts, Volume 1



Source: Saskatchewan Public Accounts

Measure Description

The Public Accounts are key financial accountability documents that are publicly released on an annual basis. The Public Accounts are prepared and tabled in accordance with *The Financial Administration Act, 1993* (FAA). The Ministry prepares and publishes the Public Accounts, pulling together information from ministries and other government organizations. Volume 1 contains the General Revenue Fund Financial Statements and the Summary Financial Statements (SFS).

Government's financial statements demonstrate accountability for the resources, obligations, and financial affairs for which the Government is responsible. Continued strong financial reporting through timely, reliable and relevant financial statements is essential to strong accountability.

Timeliness of financial statements contributes to government's accountability and demonstrates Finance's leadership for good governance, transparency and accountability across government. Under the FAA, the Public Accounts must be tabled on or before October 31st. In 2000, the government established a policy of tabling Volume 1 of the Public Accounts on or before August 1. For the last several years, the Government has been in a position to table Volume 1 in late June.

Photo Credit: Tourism Saskatchewan, Davin Andrie, Hunt Fa

Measure

Percentage of Entities Meeting Tabling Deadline

Year	Percentage of Entities Meeting Tabling Deadline
2011-12	91%
2010-11	86%
2009-10	86%
2008-09	77%
2007-08	76%
2006-07	84%
2005-06	84%
2004-05	81%

Source: Legislative Assembly of Saskatchewan website

Measure Description

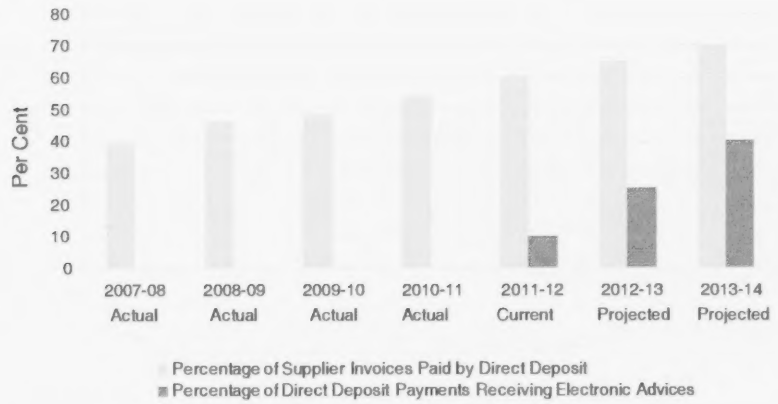
The financial statements of government entities are prepared pursuant to their enabling legislation. Pursuant to *The Tabling of Documents Act, 1991*, entities are required to table their financial statements within 120 days of their year-end. Continued strong financial reporting by government entities is essential to strong accountability.

The Ministry, on behalf of Treasury Board, provides approval of the form and content of the financial statements in advance of the tabling. Finance is proactive in ensuring government entities table their financial statements on time (e.g., clearly communicates tabling deadlines) and monitors compliance with the tabling deadlines. Finance's role contributes to timely, reliable, and relevant financial reporting by Treasury Board Crowns and agencies and demonstrates Finance's leadership for good governance, transparency, and accountability across government.

Photo Credit: Ministry of Tourism, Parks, Culture and Sport, photo by Paul Austring, Duck Mountain

Measure

Direct Deposit and Electronic Advice usage for supplier payments by the Government



Source: Ministry of Finance

Measure Description

Continued improvements in the efficiency of the Government's payment processes through the use of direct deposit and electronic advices, contributes to the best use of public funds. A three year campaign is underway to increase direct deposit and electronic advice use by suppliers that conduct business with the Government.

Currently, 57 per cent of supplier payments are made by direct deposit with 11 per cent receiving electronic advices. The target is to increase to 70 percent direct deposit; and, of those receiving direct deposit, the target is to have 40 percent receiving electronic advices. This target is based on a pilot that was conducted during the 2010-11 fiscal year. The uptake of both these initiatives is dependent on the acceptance by suppliers. The use of electronic advices is also limited by the availability and acceptance of the internet by suppliers.

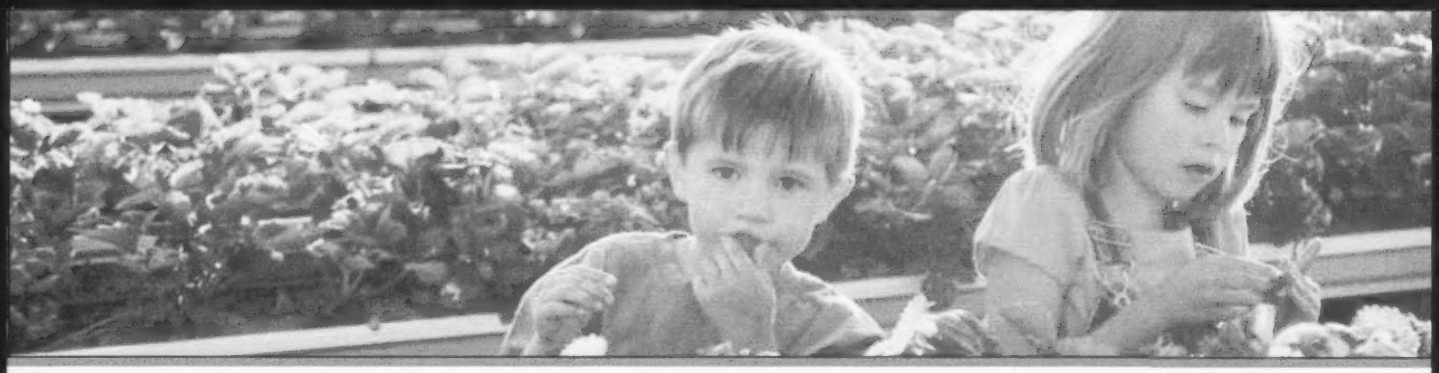
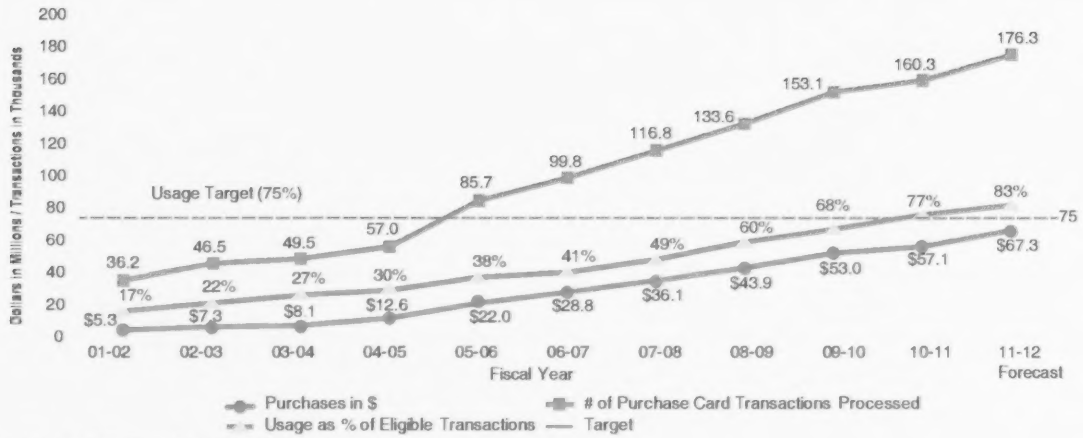


Photo Credit: Tourism Saskatchewan, Greg Huszar Photography, Over the Hill Orchard

Measure

Purchase card usage in the Government



Source: Ministry of Finance Statistical Reports

Measure Description

Purchase cards are a cost-effective way of making payments. Through the use of purchase cards, the Government is able to reduce administration and costs associated with the processing and payment of low dollar value purchases of goods and/or services up to a $5,000 per transaction limit.

The total number and dollar value of purchase card transactions provides a measure of the level of efficiency being achieved. Recognizing that not all transactions can be paid by purchase cards, the Government has set a usage target of 75 per cent of eligible purchases.

At the end of 2010-11, the number of purchases has reached 160,000 transactions totalling $57 million. This represents a purchase card usage of 77 per cent, in excess of the 75 per cent usage target. This is a significant improvement from the inception of the purchase card program. The Ministry continues to work to improve the usage across government, which contributes to the best use of public funds.

Photo Credit: Tourism Saskatchewan, Greg Huszar Photography, Dancers, Standing Indian Buffalo Powwow

Measure

Benefit-cost ratio of audit and compliance activities for taxes imposed by the statutes administered by Finance

Year	Return on Investment
2011-12	380% (Target)

Source: Ministry of Finance, Revenue Division, Statistical Reports

Measure Description

Finance has increasingly placed more emphasis on promoting voluntary compliance through education and outreach. The audit program remains an important tool to promote compliance with the Province's tax laws and to ensure equity and fairness for all businesses operating in Saskatchewan.

Previously Finance has reported on the number of audits performed on businesses liable for taxes administered by the Ministry. The number of audits performed has been declining in recent years due to increased emphasis on fewer, large-risk audits and the increased use of education and outreach activities to promote voluntary compliance. Based on this shift in emphasis, Finance reviewed this measure for relevance during 2011-12 and determined that the number of audits conducted was no longer an appropriate measure of performance. This measure has been replaced by the benefit-cost ratio (BCR) of audit and compliance activities.

To calculate the BCR, the amount of revenue generated by audit and compliance activities is divided by the costs incurred by the Ministry to perform these activities. The Ministry's target for the initial implementation of this measure of audit and compliance is 380 per cent.

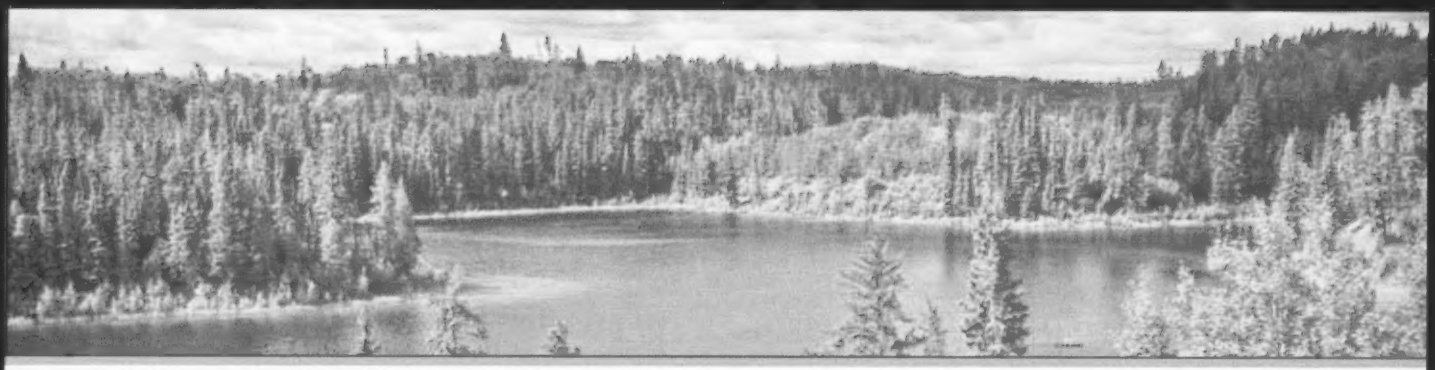
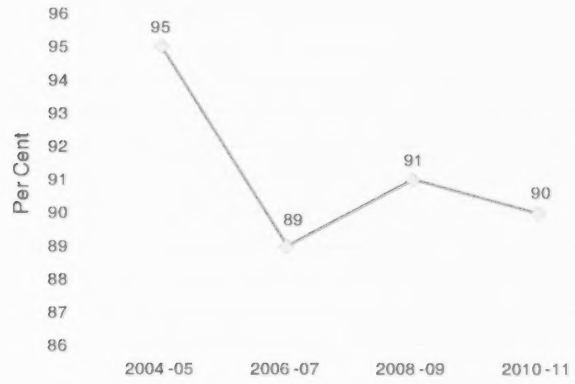


Photo Credit: Ministry of Tourism, Parks, Culture and Sport, photo by Paul Austring, Buffalo Narro

Measure

Client Satisfaction (of businesses which collect taxes on behalf of government)



Source: Ministry of Finance

Measure Description

In 2002-03, the Ministry of Finance committed to conducting bi-annual client satisfaction surveys of businesses collecting taxes on behalf of Government. This measures whether clients are satisfied with the Ministry's quality of service and timeliness of responses, refunds, and adjustments. This allows businesses to evaluate the Ministry's performance and helps to determine potential improvements in the timeliness of responses, refunds, and adjustments.

In 2010, surveys were sent to 534 businesses based on a random sample of businesses that collect Provincial Sales Tax, Fuel Tax, Tobacco Tax and Corporation Capital Tax. The response rate for the surveys was 28 per cent.

The highest satisfaction rating related to "helpfulness of staff," where 93 per cent of respondents were satisfied or very satisfied. The overall satisfaction rating for all questions and all tax types was 90 per cent, down slightly from 91 per cent in 2008, but up slightly from 89 per cent in 2006.

For the 2010 client satisfaction survey, the Ministry consulted with the Canadian Federation of Independent Business to develop and incorporate a few additional, more specific questions to better measure client satisfaction. These questions were structured to ensure comparative information integrity with previous surveys. The 2010 survey followed the same methodology, survey format, sample size criteria, and response choices as the 2008 survey.

The bi-annual client satisfaction survey will be conducted again in 2012-13 as a means of measuring client satisfaction.

Financial Summary

2012-13 Estimates	(in thousands of dollars)
Central Management and Services	6,350
Treasury and Debt Management	2,340
Provincial Comptroller	12,307
Budget Analysis	4,983
Revenue	26,238
Personnel Policy Secretariat	473
Research and Development Tax Credit	15,000
Miscellaneous Payments	140
Appropriation	**67,831**
Capital Asset Acquisitions	(600)
Capital Asset Amortization	1,188
Expense	**68,419**
Public Service Pensions and Benefits	283,517
Total Expense	**351,936**
Total Appropriation	**351,348**

FTE Staff Complement	
Ministry	**323.5**

For more information, see the Budget Estimates at: http://www.finance.gov.sk.ca/Budget2012-13

Composition of 2012-13 Ministry of Finance Appropriation by Subvote

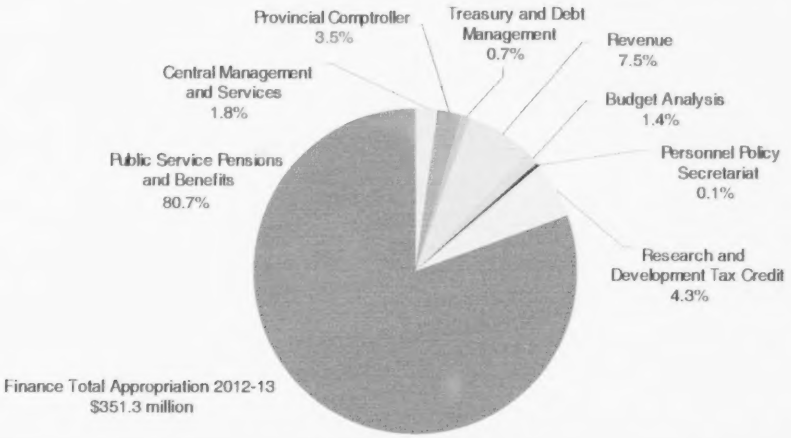


Photo Credit: Tourism Saskatchewan, David Buckley, Canoeing, MacFarlane R

Highlights

The 2012-13 Budget is all about "Keeping the Saskatchewan Advantage."

The budget is balanced—with a surplus in the General Revenue Fund and a surplus in the Summary Financial Statements.

- The General Revenue Fund surplus is estimated to have a pre-transfer surplus of $95 million.
- The Growth and Financial Security Fund balance is estimated to be $756 million at the end of 2012-13.

The Saskatchewan government has spent $4.1 billion on infrastructure over the past four years, and this Budget continues to make the key investments needed to accommodate growth and strengthen the business climate—by devoting about $788 million to capital expenditures across government to be spent on schools, post-secondary institutions, health care facilities, highways and municipal infrastructure.

The budget makes key investments in health care, education and social services in order to enhance both the affordability and the quality of life in Saskatchewan.

- A new rental housing construction incentive provides a 10-year rebate of Corporate Income Tax equal to 10 per cent of the expected rental income from each rental unit.
- A new Saskatchewan First-Time Homebuyers' Tax Credit provides a non-refundable tax credit of up to $1,100, to be delivered on 2012 personal income tax returns filed in the spring of 2013.

Saskatchewan's economy continues to lead the nation—our debt is lower and our provincial finances are sound.

- In 2011, real GDP grew by 3.6 per cent. In 2012, the budget is forecasting real economic growth of 2.8 per cent.
- Saskatchewan's debt-to-GDP ratio is now the second lowest in Canada and is forecast to continue declining.

Communities all across Saskatchewan are growing as a result of our province's strong economy. Saskatchewan's population grew by more than 65,000 between 2006 and 2011.

This budget is about responsible government in a period of global uncertainty—it's about making prudent choices and sustaining valued programs.

For More Information

Please visit the Ministry's website at www.finance.gov.sk.ca for more information on the Ministry's programs and services.

Front Page Photo Credits

Canola and flax fields	*Biking, Narrow Hills Provincial Park*	*Motherwell Homestead National Historic Site of Canada*	*Saskatchewan Legislative Building*
Photographer, Charles Melnick	*Greg Huszar Photography*	*Greg Huszar Photography*	*Greg Huszar Photography*